Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

IC/OER

Secret

25X1

DIRECTORATE OF
INTELLIGENCE

Intelligence Report

The Economic Situation in South Vietnam

(Weekly)

State Dept. review completed

USAID review completed

Secret

17 March 1969
No. 0485/69

122

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Secret

25X1

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND
DECLASSIFICATION

Secret

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

The Economic Situation in South Vietnam

Summary

As of 7 March the current enemy offensives were having little impact on economic activity in South Vietnam. In general, business was continuing as usual and most roads remained open.

In contrast to developments during the Tet and May-June offensives in 1968, retail prices in Saigon have declined since the enemy's new offensives began on 22 February. Prices declined slightly during the week ending 3 March and again during the following week. Prices of imported goods continued to increase slightly, but still were at a relatively low level. During the week ending 3 March free market currency and gold prices in Saigon were mixed.

ANNEX
Weekly Retail Prices in Saigon (Table)
Monthly and Weekly Currency and Gold Prices (Chart)

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Economic Impact of Enemy Offensive

1. Embassy economic officers report that as of 7 March the enemy offensives which began on 22 February had caused only brief disruption to economic activity in a few areas. In general, business was continuing as usual, prices had not risen, and roads remained open with only scattered interdictions.

2. No information was available for I Corps, but the situation was reported near normal in II Corps. The short curfews imposed in a few towns had not caused much inconvenience. There had been no ground attacks on towns in II Corps as of 7 March, and the flow of goods was said to be normal with few interdictions of highway traffic. In III Corps, scene of the heaviest fighting, disruption of economic activity reportedly was limited to the areas around the towns of Tay Ninh, Bien Hoa, and Song Be. A small sampling of prices in III Corps indicated that they had remained normal--no panic buying had been reported. The impact of the offensives on activity in IV Corps also appeared minimal. Route 4 between Can Tho and Saigon had not been closed, although traffic reportedly was very light for three days. Route 4 south of Can Tho was closed at one point for several hours because of enemy mining, but traffic quickly returned to normal. Outlying roads reportedly had been disrupted to a greater extent, but their closures did not greatly affect economic activity.

3. As of 9 March the renewed fighting had created about 23,000 refugees--many of them temporary--and destroyed about 2,300 homes throughout the country. During the Tet and May-June offensives of 1968 almost 900,000 refugees were generated and more than 170,000 houses were destroyed or damaged.

Prices

4. In contrast to the situation during the major enemy offensives in 1968, retail prices in Saigon have declined since the current offensives began on 22 February. During the week ending 3 March the USAID price index declined one percent

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

and it reportedly fell another three percent during the following week. Slight increases in the prices of rice, pork, and chicken and a 17-percent increase in the price of bread on 3 March were more than offset by declines in the prices of fish, shrimp, milk, and several vegetables. Nonfood prices also declined slightly because of lower prices for charcoal and firewood. During the week ending 4 March prices of imported commodities continued to increase slightly, but still were only nine percent above the level of 3 January 1968. (A table of weekly retail prices in Saigon is included in the Annex.)

Currency and Gold

5. During the week ending 3 March free market currency prices in Saigon declined, but the price of gold leaf climbed back up to mid-January levels. The price of dollars declined one piaster to 191 piasters per dollar, and the rate for MPC (scrip) dropped sharply--by 12 piasters to 140 piasters per dollar--for reasons not yet apparent. The price of a dollar's worth of gold leaf, however, increased five piasters to 287 piasters compared with the official price of 213 piasters. (A graph on monthly and weekly currency and gold prices is included in the Annex.)

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

TABLE

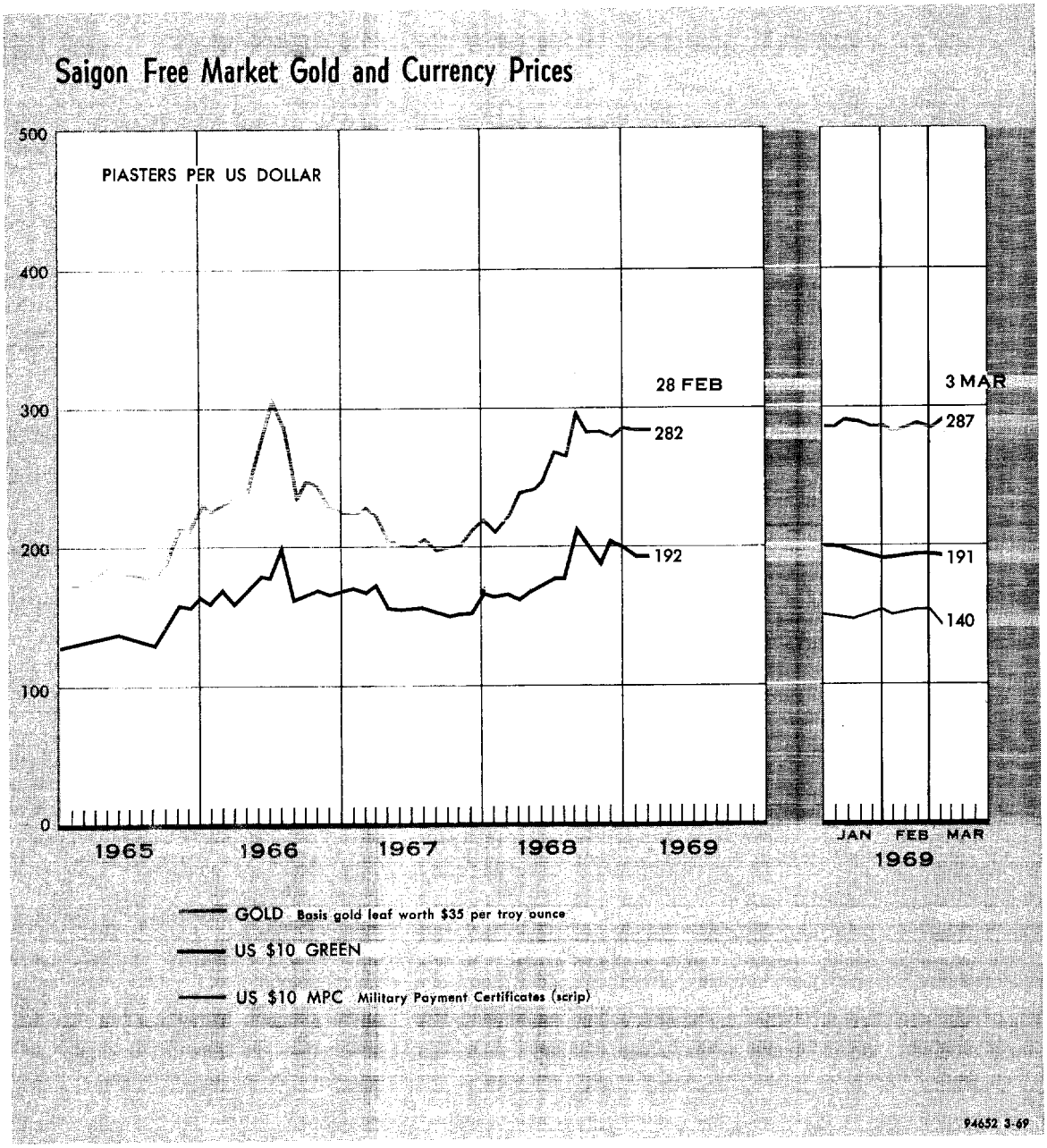
Weekly Retail Prices in Saigon[a]

	2 Jan 1968	6 Jan 1969	3 Feb 1969	10 Feb 1969	24 Feb 1969	3 Mar 1969
Index for All Items	308	400	393	408	406	403
Index for Food Items	344	443	433	448	457	454
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	2,500	3,100	3,200	3,150	3,150	3,200
Pork Bellies (1 kg.)	220	260	220	250	240	250
Fish-Ca Tre (1 kg.)	230	310	310	290	320	300
Nuoc Mam (jar)	150	220	220	220	220	220
Index for Nonfood Items	241	319	319	336	312	309
Of Which: (In Piasters)						
Firewood (cu. meter)	600	800	760	780	800	770
Cigarettes (pack)	14	22	22	22	22	22
White Calico (meter)	52	82	88	78	68	70
Kerosene (liter)	9	10	10	10	11	11

a. Data are from USAID sources. For indexes 1 Jan 1965 = 100.

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6

Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6



Approved For Release 2007/03/08 : CIA-RDP82S00205R000200010042-6